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The monthly revenue report for November 2022 state tax collections was released today.

Note to readers: The monthly revenue estimates are based on the December 16, 2021 revenue forecast which considers revenue developments and the economic outlook presented on that date. This includes previously discussed changes in tax deadlines, payment timing, as well as assumptions related to federal and state policy actions leading up to the release of the forecast.

Information on the latest forecast is available at <https://www.in.gov/sba/2837.htm>.

Fiscal Year 2023 began on July 1, 2022 and ends June 30, 2023.

Results

- General Fund revenues for November totaled \$1,352.0 million, which is \$79.9 million (6.3%) above estimate based on the December 16, 2021 revenue forecast and \$2.1 million (0.2%) above revenue in November 2021.

Notably, better-than-expected collections from sales tax and individual income tax, as well as interest revenues are driving this month's better-than-expected performance.

Differences relative to monthly estimates and prior year actuals will be influenced by various factors including payment timing, federal policy actions, and legislative acts passed since the December 2021 forecast.

- Sales tax collections totaled \$846.5 million for November, which is \$54.1 million (6.8%) above the monthly estimate and \$45.1 million (5.6%) above revenue in November 2021.

Monthly collections attributable to sales tax excluding gasoline use tax were \$50.6 million above the monthly estimate and \$46.1 million (5.8%) above prior year actuals. The November performance, which mostly reflects October economic activity, shows continued momentum in growth relative to prior year actuals.

Gasoline use tax monthly collections came in \$3.5 million above the monthly estimate but \$1.0 million (7.8%) below prior year actuals. Notably, the gasoline use tax rate was above the monthly estimate and prior year actuals.

- Individual income tax collections totaled \$451.5 million for November, which is \$11.9 million (2.7%) above the monthly estimate but \$41.1 million (8.3%) below revenue in November 2021.

Monthly collections related to tax withholdings came in \$1.7 million above the monthly estimate but \$35.4 million (4.6%) below prior year actuals. Other monthly individual income tax collections, net of refunds, came in \$10.2 million above the monthly estimate but \$5.8 million (2.1%) below prior year actuals.

For perspective, November withholdings tax collections are better interpreted relative to the current year monthly estimate because November 2021 was positively impacted by the five Fridays effect and November 2022 was not. Historically, the number of Fridays affects the timing of payments from month to month and the revenue impact has typically been between 10 to 20 percent greater whenever a month has the fifth Friday compared to the more common four Fridays in a month.

- Corporate tax collections totaled -\$32.7 million for November, which is \$5.7 million (21.3%) below the monthly estimate and \$20.9 million (175.8%) below revenue in November 2021.

Monthly collections attributable to corporate adjusted gross income tax were \$9.8 million below the monthly estimate and \$26.0 million (521.8%) below prior year actuals. Notably, corporate tax refunds were above the monthly estimate and prior year actuals. Additionally, utility receipts tax and utility services use tax collections (tax repeal on July 1, 2022) came in \$4.1 million above the monthly estimate and \$5.2 million above prior year actuals due to outstanding liabilities and refunds related to any tax due for the period prior to July 1, 2022.

With important quarterly payment due dates, September, December, April, and June are the most important revenue months for corporate taxes.

- Riverboat wagering tax collections totaled \$24.3 million for November, which is \$1.3 million (5.8%) above the monthly estimate but \$3.0 million (10.9%) below revenue in November 2021.

Racino wagering tax collections totaled \$10.5 million for November, which is \$0.7 million (6.7%) above the monthly estimate and \$0.1 million (1.3%) above revenue in November 2021.

Commentary

Year-to-date General Fund revenues totaled \$7,917.4 million, which is \$382.8 million (5.1%) above the December 2021 revenue forecast and \$577.1 million (7.9%) above revenues through the same period in the prior fiscal year.

Year-to-date sales tax collections totaled \$4,338.2 million, which is \$159.8 million (3.8%) above the December 2021 revenue forecast and \$275.5 million (6.8%) above collections through the same period in the prior fiscal year.

Year-to-date collections attributable to sales tax excluding gasoline use tax are \$140.2 million (3.4%) above the December 2021 revenue forecast and \$277.3 million (6.9%) above collections through the same period in the prior fiscal year.

Year-to-date individual income tax collections totaled \$2,857.2 million, which is \$136.8 million (5.0%) above the December 2021 revenue forecast and \$290.1 million (11.3%) above collections through the same period in the prior fiscal year.

Year-to-date corporate tax collections totaled \$274.5 million, which is \$13.5 million (4.7%) below the December 2021 revenue forecast and \$76.7 million (21.8%) below collections through the same period in the prior fiscal year. Lower year-to-date tax collections from the utility receipts tax and utility services use tax (tax repeal on July 1, 2022) outweighed better-than-expected year-to-date corporate adjusted gross income tax collections.

Comparisons to estimates and prior year actuals will be better interpreted over the coming months as most revenue activity occurs between December and June.

As previously noted, monthly collections will be influenced by various factors including payment timing, federal policy actions, and legislative acts passed since the December 2021 forecast.